



General Assembly

February Session, 2010

Raised Bill No. 5002

LCO No. 192

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Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

***AN ACT CONCERNING PREMIUM QUOTES AND INFORMATION FOR
SMALL EMPLOYER HEALTH INSURANCE COVERAGE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivisions (3) and (4) of section 38a-564 of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective January 1, 2011*):

4 (3) "Eligible employee" means an employee who works [on a full-
5 time basis, with] a normal work week of [thirty] twenty or more hours
6 and includes a sole proprietor, a partner of a partnership or an
7 independent contractor, provided such sole proprietor, partner or
8 contractor is included as an employee under a health care plan of a
9 small employer but does not include an employee who works on a
10 [part-time] seasonal, temporary or substitute basis. "Eligible employee"
11 shall include any employee who is not actively at work but is covered
12 under the small employer's health insurance plan pursuant to (A)
13 workers' compensation, (B) continuation of benefits pursuant to
14 federal extension requirements established by the Consolidated
15 Omnibus Budget Reconciliation Act of 1985, [(P.L. 99-272)] P.L. 99-272,
16 as amended from time to time, [(COBRA)] or (C) other applicable laws.

17 [Such employees shall not be counted as eligible employees for the
18 purposes of subsection (4) of this section.]

19 (4) (A) "Small employer" means any person, firm, corporation,
20 limited liability company, partnership or association actively engaged
21 in business or self-employed for at least three consecutive months
22 who, on at least fifty per cent of its working days during the preceding
23 twelve months, employed no more than fifty eligible employees, the
24 majority of whom were employed within the state of Connecticut.
25 "Small employer" includes a self-employed individual. [In] For the
26 purposes of determining the number of eligible employees [,
27 companies which] under this subdivision: (i) Companies that are
28 affiliated companies, as defined in section 33-840, or [which] that are
29 eligible to file a combined tax return for purposes of taxation under
30 chapter 208 shall be considered one employer; [Eligible employees
31 shall not include] (ii) employees covered through the employer by
32 health insurance plans or insurance arrangements issued to or in
33 accordance with a trust established pursuant to collective bargaining
34 subject to the federal Labor Management Relations Act shall not be
35 counted; (iii) employees who are not actively at work but are covered
36 under the small employer's health insurance plan pursuant to workers'
37 compensation, continuation of benefits pursuant to federal extension
38 requirements established by the Consolidated Omnibus Budget
39 Reconciliation Act of 1985, P.L. 99-272, as amended from time to time,
40 or other applicable laws shall not be counted; and (iv) employees who
41 work a normal work week of less than thirty hours shall not be
42 counted. Except as otherwise specifically provided, provisions of
43 sections 12-201, 12-211, 12-212a and 38a-564 to 38a-572, inclusive, that
44 apply to a small employer shall continue to apply until the plan
45 anniversary following the date the employer no longer meets the
46 requirements of this definition.

47 (B) "Small employer" does not include (i) a municipality procuring
48 health insurance pursuant to section 5-259, (ii) a private school in this
49 state procuring health insurance through a health insurance plan or an

50 insurance arrangement sponsored by an association of such private
51 schools, (iii) a nonprofit organization procuring health insurance
52 pursuant to section 5-259, unless the Secretary of the Office of Policy
53 and Management and the State Comptroller make a request in writing
54 to the Insurance Commissioner that such nonprofit organization be
55 deemed a small employer for the purposes of this chapter, (iv) an
56 association for personal care assistants procuring health insurance
57 pursuant to section 5-259, or (v) a community action agency procuring
58 health insurance pursuant to section 5-259.

59 Sec. 2. Subdivision (1) of section 38a-567 of the general statutes is
60 repealed and the following is substituted in lieu thereof (*Effective*
61 *January 1, 2011*):

62 (1) (A) (i) Any such insurer or producer marketing such plans or
63 arrangements shall offer premium quotes to small employers upon
64 request for coverage for employees who work a normal work week of
65 thirty or more hours. Upon request by a small employer, such insurer
66 or producer shall offer premium quotes for coverage for employees
67 that include those who work a normal work week of at least twenty
68 hours.

69 (ii) No small employer that has requested premium quotes for
70 coverage for employees that include those who work a normal work
71 week of less than thirty hours shall be required to accept such quotes
72 or coverage in lieu of premium quotes or coverage for only those
73 employees who work a normal work week of thirty or more hours.

74 (iii) Nothing in this subparagraph shall require a small employer
75 that offers coverage to its employees who work a normal work week of
76 thirty hours or more to offer coverage to its employees who work a
77 normal work week of less than thirty hours.

78 (B) Any such plan or arrangement shall be renewable with respect
79 to all eligible employees or dependents at the option of the small
80 employer, policyholder or contractholder, as the case may be, except:

81 (i) For nonpayment of the required premiums by the small employer,
82 policyholder or contractholder; (ii) for fraud or misrepresentation of
83 the small employer, policyholder or contractholder or, with respect to
84 coverage of individual insured, the insureds or their representatives;
85 (iii) for noncompliance with plan or arrangement provisions; (iv) when
86 the number of insureds covered under the plan or arrangement is less
87 than the number of insureds or percentage of insureds required by
88 participation requirements under the plan or arrangement; or (v) when
89 the small employer, policyholder or contractholder is no longer
90 actively engaged in the business in which it was engaged on the
91 effective date of the plan or arrangement.

92 [(B)] (C) Renewability of coverage may be effected by either
93 continuing in effect a plan or arrangement covering a small employer
94 or by substituting upon renewal for the prior plan or arrangement the
95 plan or arrangement then offered by the carrier that most closely
96 corresponds to the prior plan or arrangement and is available to other
97 small employers. Such substitution shall only be made under
98 conditions approved by the commissioner. A carrier may substitute a
99 plan or arrangement as stated above only if the carrier effects the same
100 substitution upon renewal for all small employers previously covered
101 under the particular plan or arrangement, unless otherwise approved
102 by the commissioner. The substitute plan or arrangement shall be
103 subject to the rating restrictions specified in this section on the same
104 basis as if no substitution had occurred, except for an adjustment
105 based on coverage differences.

106 [(C)] (D) Notwithstanding the provisions of this subdivision, any
107 such plan or arrangement, or any coverage provided under such plan
108 or arrangement may be rescinded for fraud, material
109 misrepresentation or concealment by an applicant, employee,
110 dependent or small employer.

111 [(D)] (E) Any individual who was not a late enrollee at the time of
112 his or her enrollment and whose coverage is subsequently rescinded

113 shall be allowed to reenroll as of a current date in such plan or
114 arrangement subject to any preexisting condition or other provisions
115 applicable to new enrollees without previous coverage. On and after
116 the effective date of such individual's reenrollment, the small employer
117 carrier may modify the premium rates charged to the small employer
118 for the balance of the current rating period and for future rating
119 periods, to the level determined by the carrier as applicable under the
120 carrier's established rating practices had full, accurate and timely
121 underwriting information been supplied when such individual
122 initially enrolled in the plan. The increase in premium rates allowed by
123 this provision for the balance of the current rating period shall not
124 exceed twenty-five per cent of the small employer's current premium
125 rates. Any such increase for the balance of said current rating period
126 shall not be subject to the rate limitation specified in subdivision (6) of
127 this section. The rate limitation specified in this section shall otherwise
128 be fully applicable for the current and future rating periods. The
129 modification of premium rates allowed by this subdivision shall cease
130 to be permitted for all plans and arrangements on the first rating
131 period commencing on or after July 1, 1995.

132 Sec. 3. (NEW) (*Effective July 1, 2010*) (a) There is established a
133 program which shall be known as the "Connecticut Clearinghouse", to
134 be administered by the Health Reinsurance Association established in
135 section 38a-556 of the general statutes, through which individuals and
136 small employers may obtain information about available health
137 insurance policies and health care plans.

138 (b) Said association shall, in consultation with the Insurance
139 Commissioner and the Healthcare Advocate, develop, within available
140 appropriations, a web site, telephone number or other method to serve
141 as a clearinghouse for information about individual and small
142 employer health insurance policies and health care plans that are
143 available to consumers in this state, including, but not limited to, the
144 Medicaid program, the HUSKY Plan, state-administered general
145 assistance, the Charter Oak Health Plan set forth in section 17b-311 of

146 the general statutes, the Municipal Employee Health Insurance Plan
147 set forth in subsection (i) of section 5-259 of the general statutes, and
148 any individual or small employer health insurance policies or health
149 care plans an insurer, health care center or other entity chooses to list
150 with the Connecticut Clearinghouse.

151 (c) Such method developed pursuant to subsection (b) of this section
152 shall use interactive tools or technology to provide a consumer with a
153 list of health insurance policies or health care plans that, based on the
154 responses provided by such consumer, may be appropriate for such
155 consumer's circumstances.

156 (d) The Insurance Commissioner shall establish procedures for the
157 Health Reinsurance Association to confirm with the Insurance
158 Department that a policy or plan listed with the Connecticut
159 Clearinghouse is approved to be sold in this state and that the insurer,
160 health care center or other entity that offers such policy or plan is
161 authorized to do business in this state. Such procedures shall include,
162 but not be limited to, a timetable for such list to be updated on a
163 regular basis, but not less than every ninety days.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2011</i>	38a-564(3) and (4)
Sec. 2	<i>January 1, 2011</i>	38a-567(1)
Sec. 3	<i>July 1, 2010</i>	New section

Statement of Purpose:

To allow a small employer to receive from insurers, upon request, health insurance premium quotes that include coverage for employees working at least twenty hours per week and to establish a Connecticut Clearinghouse to provide health insurance information to individuals and small employers.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]